

# School Business Alert

February 13, 2009

## Across-the-Board (ATB) Budget Reduction Update

AEA Flowthrough. The AEA flowthrough will be accounted for by districts at the full amount that is on the aid and levy worksheet without reduction. This includes both revenue and expenditure accounts.

Allocations. Allocations of Educator Quality Basis and Educational Excellence Phase I and II after the ATB reduction have been posted on the DE's website. Reductions will begin with the February payments. The DE worked on behalf of district to keep the reductions to a minimum by requesting permission to use carryover balances to offset as much of the ATB reductions as possible.

After the ATB reductions, the 2008-2009 Phase II per Pupil amount was reduced to:

LEA: \$80.42

AEA: \$3.75

Educational Excellence Phase II follows students tuitioned-out to another school district, except for students under Open Enrollment. This is the final year that Phase II follows students. With the roll-in of the categoricals into the formula for FY2009-10, this requirement is struck.

Preschool Grant. The allocations for the 2008-2009 school year for the Preschool Grant will not be reduced because there was sufficient carryover funding available to offset the reduction.

Preschool State Aid. For those districts that are in the second year of the preschool program, which is funded by state aid, there will not be a reduction in *budget authority* for that categorical funding. Districts will account for the ATB reduction in state aid in source 3111 rather than source 3117. In total, the ATB reduction is 1.5% of state foundation aid funding, which includes preschool. However, by district, per the Iowa Code, it was calculated based on enrollment. The reduction is

approximately \$57.25 per weighted enrollment (aid and levy line 3.15). Spending authority is not reduced.

### ACCOUNTING/PLANNING POINTER:

This means that each district will determine its *ending reserved fund balance* on budgetary allocations (such as preschool, at risk, gifted and talented, HSAP, etc.) based on the *budget authority granted* rather than the receipt of revenues. This is not the case for categorical funding that adds budget authority as miscellaneous income only as revenue is received (such as Educational Excellence in FY09).

## Mentoring and Induction Reminder

The 2<sup>nd</sup> semester Mentoring and Induction data collection was due on Feb. 1. This data collection can be found on the secure website (edinfo) <https://www.edinfo.state.ia.us/securelogin.asp>. All districts and AEAs must complete and certify this data collection even if the count is zero.

Questions on the secure login/password can be addressed to: Carla Schimelfenig  
([Carla.schimelfenig@iowa.gov](mailto:Carla.schimelfenig@iowa.gov)) 515-281-3111.

Information on the Educator Mentoring program can be found at:

[http://www.iowa.gov/educate/index.php?option=com\\_content&task=view&id=1674&Itemid=2479#TechnicalAssistance](http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1674&Itemid=2479#TechnicalAssistance)

Questions on the Educator Mentoring program can be addressed to: Mary Beth Schroeder-Fracek  
([Marybeth.schroederfracek@iowa.gov](mailto:Marybeth.schroederfracek@iowa.gov)) 515-281-3160.

Information on the Administrator Mentoring program can be found at:

[http://www.iowa.gov/educate/index.php?option=com\\_content&task=view&id=1448&Itemid=247](http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1448&Itemid=247)

Questions on the Administrator Mentoring program can be addressed to: Matt Ludwig  
([Matt.Ludwig@iowa.gov](mailto:Matt.Ludwig@iowa.gov)) 515-281-3750, or

Arlie Willems ([Arlie.willems@iowa.gov](mailto:Arlie.willems@iowa.gov)) 515-281-3427.

Questions on the collection or payment can be addressed to: Denise Ragias ([Denise.Ragias@iowa.gov](mailto:Denise.Ragias@iowa.gov)) 515-281-4600.

## Changes in CAR-COA Contacts

The Department contacts for the CAR-COA data collection have changed to the following:

- Policy, Planning, Management and Communication: *Su McCurdy*
- Business and Compliance (Edit development): *Janice Evans*
- Facility Data Collection Steward: *Gary Schwartz*
- Reports: *Joyce Thomsen*
- Technical Assistance: *Denise Ragias*.

## CAR-COA Update

The team has set opening the FY09 CAR-COA site as a top priority and all are working on various aspects of that project.

As Joyce has time, she is creating the FY06 and FY07 CAR final reports in Excel to place on the website and to close the files for those years. Districts will be notified when the spreadsheets are posted on the DE website.

IT is spinning off the facility replacement report and the election reports into a separate data collection application that will be available to districts year-round. This will allow districts to enter information as soon as the election is held and as soon as the replacement value of facilities has been determined. This will be one fewer data collection due in the fall. Gary will manage the data collection. Districts will be notified when the application is available.

Janice and Su have been meeting regularly since November to discuss the edits that were not working properly and planning the necessary steps to address the most urgent needs: (1) What will be necessary to meet the new requirements in law regarding supplement, not supplant, and proper separate accounting for state categorical funding

and budgetary allocations. (2) What edits, tables, and training are necessary due to the large number of districts that were unable to fully prepopulate their SES from the CAR-COA financial data collection due to errors or omission in programs and projects with categorical funding and budgetary allocations. (3) What edits, tables, or training are necessary to prevent the number of errors in accounting for miscellaneous income for unspent balance calculations, such as improperly dividing and/or recording General Fund and PPEL Fund income surtax revenues.

The team is identifying each district that would have had an error in FY08 if the edits had been working properly, and those districts will be contacted directly as a courtesy.

The goal is to update and re-open the test site as FY09 in mid-April. Stage 4 edits will be available as well in the test site for those districts who do not need to wait until the end of the year for reconciliation. It is an option available early to districts and therefore each district may choose whether or not to test stage 4 edits before the live site is opened in the summer. The goal is also that there will be no further changes to the system other than adding any brand new categorical funding (source/projects) that are granted to districts between April and July 1 or any receivables that could not be known until mid-August (such as foster care).

Both the team and IT are well ahead of schedule correcting edits and updating tables, but there is much left to do. Jim Addy is working on creating a group to discuss issues and on identifying potential pilot/test districts to upload into the test and live sites prior to opening. Steve Crew is meeting with Janice and Su on the CAR-COA and SES interface. Su is developing a communication plan with vendors, data providers, and data users. And you, the districts and AEAs, will be asked to provide input, insights, and suggestions on some difficult decisions or issues.

## Budget Reminder

For districts who use the FY2010 Budget Year Worksheet – Page 1, line 38, General Fund, as the maximum amount for creating the line item budget that will be used during the fiscal year, be aware that the closest beginning estimate of the maximum authority available for the fiscal year can be found on line 17.9 of the Aid & Levy

Worksheet. The maximum authority number is not fixed during any given fiscal year and must be monitored every month to aid the district in continued planning of expenditures throughout the year. Sample board reports can be found on the Department of Education website ---

[http://www.iowa.gov/educate/index.php?option=com\\_docman&task=doc\\_download&gid=6053](http://www.iowa.gov/educate/index.php?option=com_docman&task=doc_download&gid=6053)

or follow this path --- [Home](#) ▶ [School Business & Finance](#) ▶ [Financial Management](#) ▶ [School Finance Tools](#) and click on Financial Reports. An explanation of where the initial numbers can be found is also on the same web page ---

[http://www.iowa.gov/educate/index.php?option=com\\_docman&task=doc\\_download&gid=6052](http://www.iowa.gov/educate/index.php?option=com_docman&task=doc_download&gid=6052).

These are basic reports that will give districts the means to monitor their financial health. If you have any questions regarding this issue, contact Joyce Thomsen at 515-242-5612 or [joyce.thomsen@iowa.gov](mailto:joyce.thomsen@iowa.gov).

## Debt Issuance Coding Update

If your district issued debt in FY09, see the following updates on recording bond insurance premiums and issuance costs and please correct the district's records, if necessary. We have received guidance from the USDE that districts should record bond insurance premiums paid when issuing long-term debt to Function 2310, object 520 (529 if using detail). Also, issuance costs should be coded to function 5000, Object 833. If you have any questions on recording debt issued, please contact Janice by phone at (515) 281-4740 or by email at [Janice.Evans@iowa.gov](mailto:Janice.Evans@iowa.gov).

## SES Reminder From Steve Crew

At the March SBRC meeting allowable growth and supplemental aid will be requested on behalf of districts with negative balances. Therefore, all districts must complete and certify their CAR and SES to be included in that request.

The "tuition in billing program" is ready to be used for estimated billings. The directions under the "help" button will walk you through the program step-by-step. Do not forget the information entered in this program automatically transfers to the SES at the end of the year.

All districts need to check screen 3 of their 2007-08 Special Education Supplement to verify that all districts have entered their information, and it was entered correctly. If tuition out bills are missing on screen 3 or the amount a district has entered is incorrect, please email to Steve Crew the name of the district that has not entered information and what the amount should be.

In the near future, districts may also be called upon to provide verification of the amounts listed on screen 10 under contracted services non-tuition and transportation.

## Miscellaneous Income and Calculation of Unspent Balance

Districts are encouraged to verify that they are coding properly all of the revenues received to ensure that all of the miscellaneous income items are included in the calculation for miscellaneous income and no items that should not be included have been included. Errors in this coding have a direct impact on the district's unspent balance. Not all categorical funding sources that are run through the school foundation formula are miscellaneous income. Revenues that are NOT miscellaneous income: Property Taxes – sources 1110 through 1119; Income Surtaxes – sources 1130 through 1139; Excise Taxes (Utility Replacement) – sources 1170 through 1179; State Foundation Aid – source 3111; Instructional Support – source 3112; Special Education Deficit State Aid – source 3113; and AEA Flowthrough – source 3214. For assistance on coding, contact Janice Evans at 515-281-4740 or [janice.evans@iowa.gov](mailto:janice.evans@iowa.gov).

## UFA has been Updated

Check the website for the latest update to the account codes appendix in Uniform Financial Accounting. On the second page of the Appendix is the list by month of any additions or changes. Most changes relate to new categorical funds. We are reviewing the 1XX object codes and business rules to ensure consistency with edits.

